



PSC NEWS

Missouri Public Service Commission

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MEDIA ADVISORY

PSC TO HOLD HEARING IN MISSOURI GAS UTILITY CASE

Jefferson City (November 22, 2004)---The Missouri Public Service Commission will hold an on-the-record presentation on **Tuesday, November 23, 2004**, to provide the Commissioners with an opportunity to ask questions in a case filed by Missouri Gas Utility, Inc. (MGU).

MGU is seeking a certificate of public convenience and necessity in order to operate the gas distribution systems of the cities of Gallatin and Hamilton, Missouri as a public utility. Also, MGU seeks Commission authority to encumber those assets in connection with its acquisition of the systems along with approval to acquire the municipal gas system of those cities.

The Commission has determined that the City of Gallatin and the City of Hamilton are necessary parties in this case and the PSC has asked that they attend and be prepared to answer questions at the on-the-record presentation.

The November 23, 2004, on-the-record presentation is scheduled to begin at 1:30 p.m. in Room 310 of the Governor Office Building, 200 Madison Street, in Jefferson City.

According to the application, MGU seeks to acquire the natural gas systems currently operated by the cities of Gallatin and Hamilton. These cities, according to the application, formerly operated the systems under lease-purchase agreements. However, MGU states in the application that the cities have defaulted on those agreements and as a result, there are currently no gas supply contracts in place for the winter season. MGU states it is attempting to purchase the systems from the trustees and to complete the transactions in sufficient time to prevent the disruption of gas service to Gallatin and Hamilton customers.

On November 3, 2004, the PSC Staff filed a motion for expedited treatment of the application. Staff noted that Gallatin and Hamilton have less than one-fourth of the natural gas needed for the winter season of November 1, 2004, through April 30, 2005. In addition, Staff states there is no entity arranging gas supply contracts for the winter heating season. The PSC Staff understands, pursuant to discussions with MGU, that it appears the current natural gas in storage will not last past approximately December 1, 2004.

The City of Gallatin Natural Gas Distribution System serves the City of Gallatin and surrounding communities. The system currently has approximately 460 customers. The City of Hamilton Natural Gas Distribution System serves the City of Hamilton and surrounding areas. The system currently serves 277 customers.

MGU is a Colorado corporation. Its principal office is located in Gallatin, Missouri. It is a subsidiary of CNG Holdings, Inc. whose principal office is located in Littleton, Colorado.

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